Decision **PROPOSED DECISION OF ALJ MILES** (Mailed on 12/30/2014)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Forecast 2015 ERRA Proceeding Revenue Requirement.	Application 14-06-011 (Filed June 11, 2014)

DECISION ADOPTING SOUTHERN CALIFORNIA EDISON COMPANY'S 2015 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) PROCEEDING REVENUE REQUIREMENT FORECAST

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DECISION ADOPTING SOUTHERN CALIFORNIA EDISON COMPANY'S 2015 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) PROCEEDING REQUIREMENT FORECAST

Summary

This decision adopts the 2015 Energy Resource Recovery Account electric procurement cost revenue requirement forecast of $5.777 billion for Southern California Edison Company, as adjusted herein. The forecast of $5.777 billion is approximately $453 million higher than the 2014 revenue requirement currently reflected in present rates.

1. Procedural Background

Southern California Edison Company (SCE) filed its *Application of Southern California Edison Company in its Forecast 2015 Energy Resource Recovery Account (ERRA) Proceeding* (Application) on June 11, 2014. SCE's initial, most conservative forecast in its Application was that the requirement would be $6.406 billion.[1] The forecast included proposed 2015 fuel and purchased power costs, including miscellaneous expenses, such as spent nuclear fuel expense and U.S. Department of Energy decontamination and decommissioning fees.

On July 21, 2014, a protest was filed by the Office of Ratepayers Advocates (ORA). On July 21, 2014, responses were filed by the Public Agency Coalition (PAC) and the Alliance for Retail Energy Markets and Direct Access Customer

[1] The Application discussed this figure as a possible Alternative Case scenario if the pending settlement under the San Onofre Nuclear Generating Station (SONGS) Order Instituting Investigation (SONGS OII, I.12-10-003) was not approved, or was delayed beyond the implementation date for this revenue requirement proceeding. SCE also discussed a "Base Case" forecast, which assumed that the pending settlement would be approved. Because the settlement has now been approved by the Commission, the "Base Case" forecast formulated by SCE is the forecast being addressed herein.

Coalition (AReM-DACC). SCE filed its reply to the protests and responses on July 31, 2014.

On September 9, 2014, a prehearing conference (PHC) took place in San Francisco to establish the service list, discuss the scope, and develop a procedural timetable for the management of this proceeding. Thereafter, California Large Energy Consumers Association (CLECA) filed a motion for party status on October 16, 2014. The motion was granted on October 24.

The *Scoping Memo and Ruling of Assigned Commissioner (*Scoping Memo) was issued on September 19, 2014, and set the procedural schedule. SCE, ORA, PAC, AReM/DACC and CLECA are the only parties to this proceeding.

An evidentiary hearing was held on November 4, 2014, at which the parties had an opportunity to cross examine witnesses testifying on behalf of SCE and AReM/DACC.[2] CLECA, AReM/DACC and PAC filed opening briefs on November 12, 2014.

SCE also filed its opening brief, along with its ERRA 2015 Forecast of Operations November Update (Update), on November 12. In its Update, SCE's forecast decreased to $5.593 billion.[3] SCE, AReM/DACC and PAC filed reply briefs on November 19 (Update at 3).

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[2] Robert Thomas (Manager of Rate Design in Regulatory Operations) and Douglas Snow (Director of Revenue Requirements & Tariffs in State Regulatory Operations) testified on behalf of SCE. Mark Fulmer, Principal at MRW & Associates, LLC testified on behalf of ARem, DACC and PAC.

[3] SCE decreased its forecast in anticipation that the Commission would approve the SONGS OII settlement at its November 20 meeting. The Commission approved the settlement in Decision (D.) 14.11-040.

2. SCE's Application and Update

The purpose of this proceeding is to determine whether the Commission should adopt SCE's Application for approval of its 2015 ERRA forecast revenue requirement. SCE's ERRA Application describes fuel and purchased power procurement costs, SONGS-related replacement power costs that SCE incurred during extended outages[4], balances that SCE proposes to return to customers as a result of settlement refunds from the 2000-2001 California Energy Crisis,[5] and other miscellaneous expenses, such as spent nuclear fuel expense and Department of Energy decontamination and decommissioning fees. The revenue requirement forecast is based upon SCE's best estimate of such factors as kilowatt hour (Kwh) sales and load, natural gas and power prices, and an estimate of the December 31, 2014 balancing account balances. The Commission scrutinizes the forecast to determine whether SCE's request and the forecast and methods used to determine it, are in compliance with all applicable rules, regulations, resolutions and prior Commission decisions. The forecast will be adopted if SCE's electric sales forecast, rate increase proposals, other inputs and calculations are reasonably accurate as forecast.

In addition to this annual ERRA proceeding, SCE undergoes an annual compliance proceeding to review the utility's compliance regarding energy resource contract administration, least cost dispatch, fuel procurement and entries made to the ERRA balancing account in the prior year.

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[4] SCE removed approximately $467 million in 2013 net SONGS costs from its ERRA rates and deferred them for consideration in the SONGS OII. Now that the SONGS settlement agreement has been approved, SCE seeks to recover this amount in its ERRA rates.

[5] SCE's forecast includes approximately $204 million in such energy crisis settlement refunds.

2.1. SCE's Updated Forecast

SCE's Update reflected revisions to its Application as a result of lower 2015 power and natural gas forward price estimates than forecast in June 2014, a lower load forecast, and credits of $534 million to the ERRA balancing account[6], which reduced the 2014 ERRA undercollection. As a result of these, SCE's Update forecast rose to $5.593 billion, a figure that was approximately $437 million higher than the 2014 forecast revenue requirement in SCE's 2014 ERRA forecast in its Application A.13-08-004.[7] In the testimony filed with its Application, SCE explained that the primary reasons for the increase above its 2014 forecast revenue requirement, are increases in: (1) its bundled customer load forecast; (2) its purchase of short-term power; (3) renewable procurement costs; (4) natural gas prices, which have increased $0.05/Million Metric British Thermal Units (MMBtu) above the average gas price included in the 2014 forecast,[8] and (5) average on-peak power prices of $41.75/megawatt hour (MWh), which is an increase of $1.43 MWh above the average on-peak power price included in the 2014 forecast.[9]

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[6] SCE estimates that $575 million will be credited to the ERRA balancing account. Of that amount, $41 million will be debited to the generation sub-account of the Base Revenue Requirement Balancing Account for recovery of the Unit 2 Cycle No. 17 refueling and maintenance outage expenses. Therefore, the net refund or credit is estimated to be $534 million. (Update at 3, footnote 1).

[7] However, the Update forecast is approximately $31 million dollars lower than the $5.624 billion forecast in SCE's June 2014 Application.

[8] The 2014 forecast assumed an average natural gas price of $4.06/MMBtu, while the 2015 forecast assumes an average natural gas price of $4.11/MMBtu (Update at 4).

[9] The 2014 forecast assumed an average power price of $40.32/MWh, based on October 8, 2013 forward power broker quotes. The 2015 forecast assumes an average power price of $41.75/MWh, based on forward power broker quotes as of October 3, 2014.

SCE's update includes a Table II-1 that illustrates the allocation of the revenue requirement and the categories which have decreased or increased. The $5,593 million forecast allocates $4,915 million to Fuel and Purchased Power (an increase of $141 million from 2014), $732 million to the ERRA Balancing Account (an increase of $456 million from 2014) and $149 million to other Balancing Accounts (an increase of $42 million from 2014). Energy Settlement Refunds are anticipated to account for a $204 million dollar reduction (compared to only $1 million of refunds in 2014).

In comments filed January 20, 2015, SCE requests that the revenue requirement be further updated to a figure of $5.777 billion. This figure reflects final adjustments for the actual recorded December 31, 2014 balancing accounts, including a slight increase in generator refunds, a change to the SONGS OII-related net refund amount and removes Nuclear Decommissioning Trust fund reimbursements of $247 million from the forecast.[10]

2.2. SCE's Opening Brief

In its opening brief, SCE requests that the Commission adopt its: (1) 2015 forecast revenue requirement; (2) electric sales forecast; (3) rate increase proposals; (4) proposed recovery of year end ERRA balances for 2014; (5) proposed recovery of net SONGS-related "replacement power" costs incurred in 2013 that were deferred from inclusion in in previous ERRA revenue forecasts, and (6) find that its inputs and calculation of the power charge indifference

[10] SCE's "Base Case" forecast scenario assumed that the Commission would approve SCE's additional proposal to credit the ERRA balancing account for reimbursements granted for O&M expenses from the Nuclear Decommissioning Trust. This has not yet been approved.

allowance (PCIA), ongoing competition transition charge (CTC) and Cost Allocation Methodology forecasts are reasonable and accurate.

In testimony filed with its Application, SCE described the methodology it used to determine the 2015 Cost Responsibility Surcharge (CRS) for Direct Access (DA), Departing Load and Community Choice Aggregation customers, collectively DA-CRS. Its methodology assumes that if the SONGS OII Settlement is approved, certain SONGS related adjustments will be included in the calculation of the indifference amount (IA), which will have the effect of reducing it.[11]

2.3. Effect of SONGS OII Settlement Approval

As a result of the Commission's approval of SONGS OII Settlement on November 20, 2014 in D.14-11-040, SCE proposes to: (1) modify the 2012 GRC Phase I revenue requirement, to reflect recovery at the reduced rate of return outlined in the settlement; (2) refund revenues collected after February 1, 2012 that exceed the revenue authorized under the reduced rate of return outlined therein; and (3) include $467 million in net SONGS-related costs that were incurred in 2013 and deferred from inclusion in previous ERRA revenue requirement forecasts in the PCIA for purposes of this 2015 forecast. (Update at 49) SCE contends that doing so is consistent with the Consensus

[11] SCE explains that, when calculating the PCIA component of the 2015 CRS application to DA-CRS customers, it has used the methodology for calculating the IA and PCIA adopted in Decision (D.) 11-12-018 and Resolution E-4475. It also assumes that certain Utility Retained Generation (URG) requirements will eventually be approved as proposed in SCE's 2015 General Rate Case (GRC) Phase 1 Application (A.13-11-003). It proposes to update the IA calculation to reflect authorized revenue requirements included in bundled service rates at that time. In the meantime, SCE calculations reflect the URG revenue requirement authorized by the Commission in SCE's 2012 D.12-11-051.

Protocol adopted in D.14-05-003 and D.14-05-022. (SCE Opening Brief at 6) SCE included the $467 million in net SONGS-related costs in both Base and Alternate scenarios provided in testimony filed with its Application.[12]

2.4. Future Treatment of Year End Recorded Balancing Account Balances

SCE proposes to omit balances of the Base Revenue Requirement Balancing Account (BRRBA), the Nuclear Decommissioning Adjustment Mechanism (NDAM), the California Alternate Rates for Energy balancing Account (CARE) and the Public Purpose Programs Adjustment Mechanism (PPPAM) from future ERRA proceedings and instead include them in its annual revenue requirement and rate consolidation advice letter.

2.5 Treatment of Energy Settlement Refunds From the 2000-2001 California Energy Crisis

SCE has been pursuing refunds from generators who overcharged SCE for electricity during the 2000-2001 California Energy Crisis. SCE's 2015 forecast includes generator refunds that it has received, or anticipates to receive in 2014 that have not already been included in retail rate levels. Refunds received are placed into the Energy Settlements Memorandum Account (ESMA). Ten percent of the refunds are retained by SCE to cover legal expenses associated with recovery of the refunds. The remaining ninety percent are refunded to bundled service customers. SCE includes $206 million of refunds received in 2014 in its forecast.

[12] SCE-1 at 83 Table VIII-33 "2015 Base Case and Alternative Case Total Generation Portfolio Costs Applicable to DA-CRS".

3. Parties Positions

3.1. PAC

In its initial response to the Application, PAC[13] states that its primary interest is that SCE properly calculate the PCIA, as this is a non-bypassable charge that can have a negative effect on the public benefit received from community aggregators. PAC expresses concern that SCE redacts key IA inputs in its Application. PAC indicates that SCE publicly disclosed and provided the IA inputs in its prior four ERRA proceedings and in associated advice letter filings. PAC requests that SCE's reply contain a narrative description of how SCE plans to record and carry forward negative IA amounts to future years in order to offset future positive indifference amounts. Lastly, PAC states concern that SCE does not plan to return a share of energy settlement refunds to DA customers. PAC contends that DA customers paid for and contributed to SCE's energy crisis procurement costs.[14]

PAC filed joint Opening and Reply briefs with AReM and DACC, details of which are discussed below.

3.2. AReM/DACC

In its initial response to the Application, AReM[15] and DACC[16] state that they are interested in ensuring that SCE's method of calculating the PCIA and

[13] PAC is a regulatory coalition comprised of three public agencies that use direct access to provide community aggregation service - the cities of Cerritos and Corona, and the Eastside Power Authority.

[14] PAC points out that DA customers contributed both through the Historical Procurement Charge and through other cost responsibility surcharge elements.

[15] AReM is a California mutual benefit corporation formed by Electric Service Providers that are active in California's direct access retail electric supply market.

CTC complies with D.11-12-018, Resolution E-4475, and the Consensus Protocol approved by the Commission in D.14-05-004. They want to ensure that SCE implements a fair and equitable manner of calculating the non-bypassable CAM charge[17] to be paid by DA customers, which is consistent with D.10-12-035. In addition, AReM and DACC argue that refunds in the ESMA should flow to DA as well as bundled customers.

AReM and DACC filed joint Opening and Reply briefs with PAC. Their Opening Brief explains the rationale for their contention that a portion of the refunds in the ESMA should flow to DA as well as bundled customers. They argue that the settlement agreement between the Commission and SCE, dated October 2, 2001 (Settlement Agreement),[18] which led to establishment of the PROACT, provides that net refunds realized by SCE shall be refunded to "ratepayers," not just bundled ratepayers.[19] They point out that DA customers initially were not contributing to paying down the PROACT. However, SCE requested that the Commission require DA customers to contribute to the PROACT, and the Commission approved, establishing a Historical Procurement

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[16] DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

[17] The CAM charge exists for the purpose of recovering the net capacity costs of qualifying facilities and combined heat and power resources

[18] In 2001, SCE brought suit in the United States District Court for the Central District of California, alleging that the Commission violated the filed rate doctrine by preventing SCE from recovering in rates, its full wholesale electric procurement costs. The case (No. 00-12056-RSWL) was settled by a Settlement Agreement dated October 2, 2001. The Settlement Agreement allowed SCE, among other things, to recover past procurement cost undercollections that occurred during the Energy Crisis, and to set up a Procurement Related Obligations Account (PROACT) reflecting the procurement-related liabilities that SCE had accrued.

[19] Opening Briefing at 3, citing Settlement Agreement, Section 3.3(a).

Charge (HPC) to permit recovery of undercollections and liabilities SCE incurred as a result of credits it was paying to DA customers.[20] Those credits, say AReM, DACC and PAC, were tied to SCE's excessive procurement related obligations due to excessive prices charged SCE by the California Power Exchange (PX). The Commission's D.03-09-016 set forth a calculation attributing a 13.9% portion of SCE's procurement related liability to DA customers. Thus, AReM and DACC argue that they should receive a 13.9% share of the generator refunds which are reflected in this year's ERRA proceeding, as these refunds are also directly tied to excessive PX prices which SCE paid and which the generators are resolving via settlement payments.[21] They argue that the share of refunds credited to DA customers should be included in the Total Portfolio Cost element used in the calculation of the IA.[22]

Lastly, in its Reply briefing, AREM, DACC and PAC object to SCE's proposal to include SONGS replacement power costs of $467 million in the PCIA forecast.[23] Although they concede that the Consensus Protocol indicates that it "would govern how a ratemaking surcharge would be incorporated into the PCIA to allow for recovery of the appropriate share of these costs from DA

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[20] In D.02-07-032, the Commission granted SCE's request to establish the HPC and to adjust the credit that DA customers receive so that DA and bundled service customers would make equivalent contributions to the recovery of SCE's past procurement cost undercollections reflected in the PROACT balance. The Commission determined that the amount to be recovered from DA customers through the HPC would be the amount that SCE paid or was obligated to pay for negative credits (to DA customers whose credits exceeded the entire amount of their bills, in some cases).

[21] AReM, et. al. Opening Brief at 3-4.

[22] AReM, et.al. Opening Brief at 7.

[23] AReM, et. al. Reply Brief at 2-5.

customers at the appropriate time,[24]" they contend that the "appropriate share" of the SONGS replacement power costs is actually zero.

They reason that implementing the PCIA was to ensure that bundled customers are "indifferent" and pay no higher rates due to the fact that DA customers have chosen direct access, i.e., that DA customers pay the PCIA to cover the above-market costs of generation assets owned. However, they argue that short-term and market purchases made by SCE to serve its bundled load, are not entered into on behalf of departed DA customers, and are not included in the PCIA stranded cost calculation. SONGS replacement power costs also were short-term in nature, were not entered into on behalf of DA customers, and therefore should not be considered stranded costs. As such they should not be included in the PCIA. Furthermore, they say it is unfair to permit SCE to include these costs, when the ALJ excluded consideration of SCE's Base Case scenario from the scope of issues in this proceeding, and the DA parties have not addressed this issue in its testimony.

3.3. ORA

In its protest to the Application, ORA indicates that it is investigating the reasonableness of SCE's total 2015 revenue requirement by analyzing the underlying natural gas prices, loan and other cost inputs to the model used in determining the forecast. ORA did not express any concern regarding SCE's handling of Energy Settlement Refunds, nor take a position or state any opinion concerning the arguments made by AReM, DACC and PAC that a percentage of

[24] AReM, et.al. Reply Brief at 4, citing Consensus Protocol at 4.

the settlement proceeds due to generator refunds should be refunded to DA as well as bundled customers.

3.4. CLECA

CLECA[25] filed an Opening brief addressing only the issue of whether energy crisis settlement funds in 2014 should be returned to DA customers as well as bundled customers. CLECA agrees with SCE that the liabilities associated with bundled and DA customers were different and that the impact of the refunds could also logically differ between DA and bundled customers.[26] CLECA posits that the central question is whether the Commission participated in litigation arising from the energy crisis on behalf of both DA and bundled customers? In this regard, CLECA notes that the Commission previously clarified that DA customers' liabilities were considered and included in the Settlement Agreement between it and SCE that established PROACT.[27]

4 SCE Responses and Rebuttal Testimony

In its Reply briefing, SCE maintains its position that Resolution E-3894 and "the last decade of Commission precedent and law" compel a conclusion that only bundled service customers should receive the benefits of the $204 million of energy settlement refunds received during 2014. SCE contends that it would be procedurally improper to permit DA parties to receive credit for a portion of the

[25] CLECA is an organization of large, industrial electric customers of SCE and Pacific Gas and Electric Company. CLECA members include companies in the steel, cement, industrial gas, pipeline, mining and beverage industries – among whom are both bundled service and direct access customers of SCE.

[26] CLECA Opening brief at 5.

[27] CLECA Opening brief at 6 citing D.02-12-027.

2014 refunds, because the DA parties are addressing this issue for the first time some ten years after the issuance of Resolution E-3894.

5 SCE Motion to Treat Confidentially and Seal a Portion of the Evidentiary Record

SCE filed declarations in support of its request to treat as confidential and seal portions of the evidentiary record in this proceeding pursuant to Rule 11.5. SCE states that certain of its Exhibits contain confidential, market sensitive information. As noted above, one party, PAC opposes granting confidential treatment with respect to key IA inputs which have been redacted in SCE's Application. PAC indicates that SCE publicly disclosed and provided the IA inputs in its prior four ERRA proceedings and in associated advice letter filings. In its Opening Brief SCE indicates that it worked informally with PAC to provide unredacted information to permit review of the IA inputs. There is otherwise no opposition to SCE's request for confidentiality. We have granted similar requests for confidential treatment in the past and do so again here. Pursuant to Rule 11.5, we seal the confidential portions of the evidentiary record, which include Exhibits SCE-1C and SCE-4C, and pursuant to D.06-06-066, authorize the confidential treatment of those exhibits as set forth in the ordering paragraphs of this decision.

6. Discussion and Conclusion

Except for the issues of energy settlement refunds and inclusion of SONGS replacement power costs in the PCIA, no party objected to SCE's proposed electric sales forecast, forecasted rates, or SCE's 2015 forecast ERRA, CAM and fuel and purchased power expense. The Commission finds that these items are reasonable as forecast. The two contested issues are discussed below.

6.1 Inclusion of SONGS Replacement Power Costs in the PCIA

AReM, DACC and PAC object to SCE's proposal to include SONGS replacement power costs of $467 million in the PCIA forecast, in part because they contend that the ALJ excluded consideration of SCE's Base Case scenario from the scope of issues in this proceeding. They claim that SCE raised the issue for the first time in its Update and that they did not have adequate time to address the issue in their testimony for this reason. However, these arguments are not persuasive.

We agree that the Scoping Memorandum in this proceeding clearly indicates that consideration of the potential impact of settlement in the SONGS OII Settlement initially would be excluded in consideration and evaluation of the application. However, it also provides that: "*Should the Commission issue a decision in the SONGS OII before the record in this proceeding is closed, we may later consider the impact of such decision on this proceeding*[28]." The SONGS OII Settlement was approved November 20. Accordingly, consideration of it is appropriate.

Additionally, SCE did not raise the proposal to include SONGS replacement power costs of $467 million in the PCIA for the first time in its Update. SCE's original testimony includes the $467 million of SONGS replacement power costs in both its Base and Alternative Case scenarios[29], evidencing its intent to include these costs notwithstanding the timeliness of approval of the SONGS OII Settlement. As such, all parties had notice concerning SCE's intentions on this point. In fact, this amount was expressly

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[28] Scoping Memo at 3.

[29] SCE-1C, page 83 Table VIII-33 "2015 Base Case and Alternative Case Total Generation Portfolio Costs Applicable to DA-CRS."

deferred from inclusion in the 2014 ERRA forecast, with expectation that it would be included in a later ERRA.[30] Finally, there was opportunity to cross examine SCE witnesses about the inclusion of these costs during the evidentiary hearing held on November 4.

We note that AReM and DACC objected to including SONGS replacement power costs in the PCIA during the proceeding to approve the SONGS OII Settlement. However, D.14-11-040 states that under the terms of the SONGS OII Settlement Agreement (Agreement), SONGS replacement power costs are recoverable if they comply with Commission rules and other applicable requirements.[31] The Decision notes that section 4.10 of the Agreement allows SCE (and other utilities) to recover all "replacement power costs" associated with the non-operation of SONGS and to amortize these costs in rates by December 31, 2015. However, because the Agreement does not reach any conclusions about how replacement power costs should be calculated,
D.14-11-040 requires SCE to file an advice letter explaining how it intends to charge those costs to ratepayers, including DA customers.[32]

Therefore, this ERRA proceeding will incorporate by reference, the provisions proposed and approved for handling of SONGS replacement power costs during the advice letter process in compliance with D.14-11-040. By doing

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[30] D.14-05-003 at "Section 7.1.2 Net Songs Costs."

[31] D.14-11-040 at 107.

[32] D.14-11-040 at 129 "We direct the utilities to expedite resolution of this issue by clearly identifying, what, if any replacement power costs they believe should be used in the PCIA calculation and why, in the Advice Letters updating the PCIA." Also *see* Ordering Paragraph #3.

so, we recognize that TURN, DRA and other parties to the SONGS OII proceedings may contest recovery of those costs on reasonableness grounds.

6.2 Handling of Energy Settlement Refunds

6.2.1 Resolution E-3894

Issues pertaining to the ESMA and energy settlement refunds are within the scope of this proceeding pursuant to the Scoping Memorandum.[33] The larger question is whether Resolution E-3894 (E-3894) mandates that refunds received during the period covered by this proceeding must be returned to bundled ratepayers only.

SCE argues in its Opening Brief, filed rebuttal and evidentiary hearing testimony and Reply Briefing that Resolution E-3894 and "the last decade of Commission precedent and law, fairness and equity, and simply logic,"[34] compel a conclusion that only bundled service customers should receive the benefits of the $204 million of energy settlement refunds received during 2014.

While SCE is correct that, from the inception of the ESMA, energy settlement refunds have been allocated to bundled customers, we do not agree that this has been due to Commission mandate. SCE's Advice Letter 1811-E request[35] was framed as a request for authorization to credit the refunds received to bundled customers. Inasmuch as this proposal did not conflict with the Settlement Agreement, it was appropriately authorized. E-3894 authorizes

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[33] SCE Reply Brief at 3.

[34] SCE Opening Brief at 7; SCE Reply Brief at 1.

[35] Advice Letter 1811-E filed July 23, 2004.

allocation of 2004 refunds to bundled customers, but it does not explicitly or implicitly prohibit allocation of future refunds to other customers or ratepayers.

E-3894 authorized SCE to establish the ESMA in order to receive energy crisis settlement refunds for the period of October 2000 to January 17, 2001 from Williams Energy Companies pursuant to a FERC order issued on July 2, 2004. The refunds were described as related "to purchases of energy and ancillary services made by SCE on behalf of electric utility bundled service customers in markets operated by the California Independent System Operator Corporation (CAISO) and the California Power Exchange (PX)."[36]

By its terms, E-3894 addressed refunds received before the end of 2004, and their handling under the 2005 ERRA proceeding.

One Ordering Paragraph of E-3894 specifically requires SCE to consolidate receipts of all refunds actually received before the end of 2004, and to pass the refunds through to bundled customers through its consolidated ERRA procurement-related rate change expected in February 2005. This correlates to finding 14, which also specifically mentions bundled ratepayers.[37] However, finding 14 is specifically addressing "refunds received before the end of 2004." Two other findings in E-3894 – findings 11 and 12 – broadly refer to "ratepayers" and another, finding 15 mentions "customers."[38]

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[36] E-3894 at 2.

[37] Finding 14 of E-3894 states: "SCE should apply refunds received and any pending refunds, if received before the end of 2004, into a consolidated ERRA rate change for bundled customers expected by February 2005."

[38] Finding 11 of E-3894 states: "For the refund settlement amount(s) received from SDG&E related to SONGS, SCE should record the entire amount in the ESMA …However, the net amount is subject to the 90% - 10% distribution to **ratepayers** and

Footnote continued on next page

Contrary to SCE's contention that E-3894 was dispositive on the question of how refunds should be handled for all time, the resolution actually states that:

> *"additional adjustments above the known settlement amounts approved by the FERC will be made at a later time. These additional amounts should be booked into the ESMA account as received, should be addressed under a subsequent ERRA proceeding, and ultimately should flow to ratepayers and shareholders, as provided for under the 2001 Settlement Agreement."*[39]

E-3894 clearly contemplates that ESMA and future refunds credited to it should be addressed under subsequent future ERRA proceedings, and should flow to ratepayers. SCE requested that 2004 refunds be allocated to bundled customers and this was approved. But there is no explicit requirement that future refunds be limited to the class of customers or ratepayers known as "bundled customers."[40]

In its comments on the Proposed Decision, SCE further argues that:

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shareholders, respectively." (emphasis added) Finding 12 of E-3894 states: "SCE should apply 90% of the net remaining settlement refund monies to **ratepayers**, through the ERRA Forecast proceeding." (*emphasis added*) Finding 15 of E-3894 states: "It is reasonable to provide under the ESMA that if, at a later date, SCE has to return amount to market participants that it has already given back to its **customers** and shareholders, that such amounts are eligible for recovery through the operation of the ESMA." *(emphasis added).*

[39] Resolution E-3894, November 19, 2004 at 8.

[40] Resolution E-3894, November 19, 2004 page 8 -"As stated above, additional adjustments above the known settlement amounts approved by the FERC will be made at a later time. These additional amounts should be booked into the ESMA account as received, should be addressed under a subsequent ERRA proceeding, and ultimately should flow to ratepayers and shareholders, as provided for under the 2001 Settlement agreement."

> *"The PD is simply wrong when it claims that there are no Commission cases that direct SCE to credit these post-2004 refunds only to bundled service customers. There are in fact nine."*[41]

However, the nine cases cited are simply prior ERRA proceedings, in which the issue of whether DA customers should be excluded, was never raised or addressed.

Each ERRA proceeding forecast (and the methods, inputs and calculations used therein) is independently scrutinized to determine whether inputs and calculations are reasonably accurate as forecast, and in compliance with all applicable rules, regulations, resolutions and prior Commission decisions. By design then, each ERRA forecast must stand on its own and be independently evaluated in light of circumstances known or reasonably anticipated during the pendency of that proceeding.

For these reasons, the allocation of the $206 million of energy settlement refunds received during 2014 are within the scope of this 2015 ERRA proceeding, and the reasonableness of SCE's proposal to allocate 2014 refunds to bundled ratepayers only, properly may be scrutinized herein.[42]

6.2.2 DA Parties Request for Refunds

In its Reply Brief, SCE contends that it is procedurally improper to grant the relief that the DA parties are seeking (i.e., to receive credit for a portion of the

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[41] SCE Comments at 6 (citing to D.06-01-004 (2004 ERRA Record Period); D.06-11-016 (2005 ERRA Record Period); D.07-12-027 (2006 ERRA Record Period); D.08-11-021 (2007 ERRA Record Period); D.10-07-049 (2008 ERRA Period); D.11-10-002 (2009 ERRA Record Period); D.13-11-005 (2010 ERRA Record Period); D.13-12-045 (2011 ERRA Record Period; D.14-05-023 (2012 ERRA Record Period).

[42] However, determinations made within this proceeding concerning the disposition of 2014 refunds, do not preclude a different, reasonable disposition within future ERRA proceedings.

2014 refunds), because the DA parties are addressing this issue for the first time some ten years after the issuance of Resolution E-3894.[43]

Again, we do not agree. There is no language in the Settlement Agreement that demonstrates intent to exclude SCE's DA customers from any benefit that may incur to ratepayers under the Settlement Agreement. AReM and DACC correctly point out that section 3.3(a) of the Settlement approved by the U.S. District Court in October 2001, which led to establishment of the PROACT, indicates only that "ratepayers" should get 90% of any refunds that are realized after the recovery period. The Settlement Agreement does not include a definition of ratepayer, therefore, by its terms, the Settlement Agreement neither requires refunds to be limited to bundled customers nor prohibits SCE from choosing to limit refunds to bundled customers. It can be said that SCE's past proposals to allocate the refunds to bundled customers only, were appropriately authorized because those customers are ratepayers, and there was no objection to SCE's proposed handling favoring bundled customers.

However, because DA parties today are requesting that we address their entitlement to 2014 refunds, it is appropriate for the Commission to consider the issue for the first time.

6.2.3 Commission Decision Authorizing HPC

In July 2002, SCE requested the Commission authorize it to establish a HPC against DA customers so that DA and bundled customers would contribute to SCE's past procurement cost undercollections in an equivalent manner. At

[43] SCE Reply Brief at 3.

that time, CLECA argued that DA customers had not contributed to the undercollection in the same way as bundled customers.

D.02-07-032 explained the rationale for implementing the HPC with extensive historical perspective on how need for it came about.

Bundled service customers receive the full range of electric services from SCE, which include energy procurement and delivery. SCE customers also have a DA option, which permits them to purchase electricity from an electric service provider (ESP). Total rates were frozen at levels in effect on June 10, 1996 for all customers. Bundled service customers paid these frozen rates for the duration of the transition period (January 1, 1998 through March 31, 2002 or a Commission-authorized earlier end date). These frozen tariff rates included a generation rate component. The generation rate component was unbundled into the market price and a CTC component. The CTC was calculated residually as the difference between the fixed generation rate component and the market price, where the market price was based on SCE's cost of procuring power from the PX and the California Independent System Operator (ISO). All customers paid the CTC and the CTC revenues were used to pay for SCE's stranded generation costs, also known as transition costs.[44]

SCE calculated a market price for billing purposes utilizing the cost and quantities of power purchased from the PX. This PX price was used to determine the contribution to the recovery of CTC (when compared to the generation rate component of frozen rates) and also represented SCE's avoided cost of procuring energy. The PX component of the generation rate was either applied to recover

[44] D.02-07-032 at 3-4.

the cost of purchasing power for bundled service customers or given as a credit to DA customers. The credit reflected the fact that DA customers had chosen to procure their electricity through an ESP rather than SCE. So long as the market price, or DA credit, remained below the generation component of the customer's frozen rate, the DA customer continued to make a contribution to CTC in exactly the same manner as a similarly situated bundled service customer.[45]

Because the DA credit was based on the market price from the PX, it was possible that the credit would exceed either the generation rate component or the entire bill. If the PX credit exceeded the generation rate component, there was a negative CTC, i.e., no contribution to recovery of stranded costs. If the PX credit exceeded the entire amount of the bill, meaning that the PX credit was greater than the sum of the generation, distribution, transmission, public purpose, and the other rate components, there would be a negative bill. In other words, the DA customer would receive a credit for the entire utility bill. This is also known as a "credit" bill. Prior to June 1999, under the adopted tariffs, DA customers receiving the PX credit could experience, at a minimum, a monthly bill of $0. However, in D.99-06-058, the Commission approved a stipulation between SCE, Western Power Trading Forum, and Enron that eliminated the zero minimum bill provision.[46]

Elimination of the zero-minimum bill provision allowed DA customers to receive the entire PX credit even if it resulted in a negative (credit) bill. Prior to market dysfunctions in mid-2000, PX credits in excess of total monthly charges

[45] D.02-07-032 at 4.

[46] D.02-07-032 at 4-5.

were generally carried over to succeeding months and were netted against positive bills.

The rise of market energy prices in the summer of 2000 resulted in numerous occurrences of negative CTC entries. As PX credits in excess of total bundled services charges became the norm, DA customers enjoyed consistent credits for the entire bill. On January 5, 2001, SCE stopped making payments to DA customers utilizing ESP consolidated billing for credit bills resulting from the application of the DA credit.[47]

On May 27, 2001, the Commission issued D.01-05-064, which adopted new rate levels for SCE customers, adding roughly 4¢/kWh to the frozen generation rate component. The new surcharge was comprised of the then existing 1¢/kWh emergency procurement surcharge (EPS) plus an additional 3¢/kWh authorized in D.01-03-082: the 3¢ surcharge did not apply to DA customers. The Commission did not state whether the EPS was applicable to DA customers. SCE's practice was to credit DA customers with the generation rate of their otherwise applicable tariff (OAT). This approach resulted in DA customers avoiding surcharges adopted by the Commission in year 2001 on a prospective basis.[48]

When SCE requested authorization to implement the HPC, it argued that it was necessary and fair, because DA customers contributed to SCE's procurement-related liabilities in the same manner as bundled service

[47] D.02-07-032 at 5.

[48] D.02-07-032 at 6.

customers.[49] DA customers were receiving a credit based on SCE's weighted-average electric procurement cost. To the extent this electric procurement cost continued to exceed the generation rate component of frozen rates, SCE incurred a liability to fund both electricity purchases for bundled service customers and electricity credits for DA customers.[50]

Following implementation of PROACT, SCE explained that although it received positive revenues from bundled service customers toward reducing its procurement-related obligations, DA customers contributed nothing to the recovery of the liabilities to which they contributed. SCE proposed the implementation of the HPC to rectify this inequity.

SCE contends that, after the PROACT was paid down, the Commission specifically directed SCE to return the refunds only to bundled customers, and that the language of "Resolution E-3894 (November 2004) made clear that the initial Energy Crisis settlement refunds, and all future Energy Crisis refunds, should be returned to bundled customers only."[51] However, we have already determined that we will review the issue afresh in this proceeding for the refunds that SCE received in 2014.

The DA parties rely on our determination in D.03-09-016 that DA customers were responsible for 13.9% of the total PROACT liability of $3.577 billion, or about $497 million, and the fact that those funds were recovered through the HPC. At hearing, their witness testified that, if the refunds had been

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[49] D.02-07-032, see "**IV. SCE's Procurement Related Liabilities** - *SCE asserts that it is clear that DA customers have contributed to SCE's procurement-related liabilities in the same manner as bundled service customers.*"

[50] *Id.*

[51] SCE Reply Brief at 2 citing E-3894 at 2; 7-8; and Ordering Paragraph 2.

received prior to the PROACT account payoff, DA customers would have benefitted proportionally from the refunds, since the HPC amount was set proportional to the PROACT balance.[52]

This argument, however, does not account for the fact that the 13.9% DA share was based on the proportion of SCE's total liabilities that were caused by DA customers ($965,460/$6,947,405=13.9%).[53] If the refunds had been received at that time, they would have reduced SCE's total liabilities (the denominator of the calculation), but not the amount caused by DA customers (the numerator), resulting in a higher percentage than 13.9% being assigned to DA customers. This is true because SCE's total liabilities consisted of two components – 1) the unrecovered costs of serving bundled customers, and 2) the cost of the PX credits paid out to DA parties. The refunds represent a reduction in the cost of serving bundled customers, but would not reduce the amount of PX credits, because those had already been paid out. Had refunds been received while PROACT was yet to be paid off, DA's share of that cost obligation would have been higher than 13.9%. Therefore, it is not necessarily true that DA customers would have benefitted proportionally from any refunds received prior to the PROACT account payoff.

It is clear that the 13.9% figure does not represent an exact reflection of the DA customers' actual fixed share of SCE's total liabilities, but rather, that it is a somewhat unscientific calculated number which was the product of compromise. Add to this the fact that the groups of customers known as "bundled ratepayers"

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[52] Testimony of Mark Fulmer, see EH Transcript, p34, line 18 through p37, line 3 and p38 line 6 through p39 line 17.

[53] D.03-09-016 at 10 and 17.

and "DA parties" are somewhat ephemeral and subject to shift and movement over time (with some bundled customers becoming DA parties at times, and vice versa), it would be somewhat speculative to surmise what share of refunds DA customers would be entitled to if PX credits had been recalculated based on PX prices that were lower as a result of the refunds.[54]

The energy settlement refunds at issue in this 2015 ERRA proceeding arise from litigation against supplier companies who contributed to the market manipulation. Therefore, all customers who contributed to amelioration of SCE's resulting liabilities should be entitled to benefit from the refunds. Although SCE's hearing witnesses argued that the amounts paid into the HPC by DA customers were to partially reimburse SCE for the excess credits that DA customers received, the fact is that those excess credits were created by market forces outside of the control of DA customers.

The events leading to SCE's request for the implementation of the HPC demonstrate that market factors (and some outside manipulation by Enron and others) led to the disparity between what SCE was able to charge its customers and what it was receiving from its customers. PROACT and later, the HPC were implemented to address those disparities.[55] Thus, review of the factors that gave

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[54] At D.02-07-032 at 21-22 The Utility Reform Network (TURN) made this same point when it argued in its comments on an Alternate Proposed Decision that: "(i)t is illogical to equate the PROACT liability of *current* direct access customers with the amount of PX credits paid to a *different* set of direct access customers in the year 2000." TURN pointed out that "SCE's undercollection was attributable to serving individual customers, not collective groups labeled DA and bundled." The Commission agreed with TURN, but also noted that TURN itself admitted that the "record does not contain sufficient data to make the actual comparison," which would be hopelessly complex due to the shifting amount at DA load over time.

[55] *See* page 5, Section IV, subsection B "The Settlement Agreement" of D.02-07-032. Describing the settlement agreement between SCE and the Commission, it is stated that SCE's procurement

Footnote continued on next page

rise to establishment of the PROACT, and eventually, the HPC do not logically support a conclusion that DA customers are not entitled to share in future Energy Crisis refunds.[56]

However, supplier refunds that SCE is receiving now, years after the original procurement costs were incurred for its then bundled customers, and long after artificially high PX credits were awarded to then DA customers, cannot be cleanly dissected between the two groups. For this reason, it would be speculative to determine what is an appropriate share of the refunds to allocate to each of them.

As SCE points out in its briefing, DA customers could have requested a share of the refunds in the past, and had they done so, they would have contributed a share of litigation costs incurred to secure the refunds. Because DA customers did not make such a request, determination of past entitlement of DA customers to any refunds is not at issue here. The DA customers' potential share of any refunds received in the past is moot, and it is appropriate that the customers who contributed toward litigation expenses have had the exclusive

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related liabilities were specifically identified, and the unpaid credit bills which resulted from market energy prices in excess of SCE's generation rate were reflected in Schedule 1.1 of the settlement agreement as a procurement related liability to the DA customers' ESPs. The amounts that SCE borrowed to pay the credit bills prior to January 5, 2001, or to purchase energy for current DA customers while they received bundled service were reflected in other line items of Schedule 1.1.

[56] D.02-07-032 discusses contentions by DA customers that they should not be responsible for a portion of SCE's procurement undercollections. SCE's proposal for calculation of the HPC (on page 18 of the Decision) stated that: "SCE proposes to establish an HPC for use in determination of the DA credit, based on the starting PROACT balance…DA customers contributed to the PROACT balance, but not in the same manner as or in equal proportion to bundled service customers…The proposed HPC will recover what SCE believes is the ***DA customers' share of SCE's procurement related obligations***… (*emphasis added*)

benefit of refunds received in past years. However, we do not agree with SCE that the failure to request a share of the refunds in past years, justifies denying the present request by DA customers.

SCE correctly points out that the language in the Settlement Agreement, which says that refunds shall be refunded to ratepayers, is modified by the phrase "*as directed by the CPUC.*" Therefore, as CLECA posits in its Opening brief, it is appropriate to inquire whether there are Commission cases that direct SCE to credit refunds only to bundled customers or that explicitly prohibit DA customers from receiving credit for those refunds.

Seeing none, it is reasonable to find that DA customers are entitled to a share of the energy settlement proceeds received during the period governed by this 2015 forecast, i.e., proceeds received from the beginning of 2014 through the end of 2014.

By allocating the refunds to reduce the total portfolio cost within this ERRA, today's bundled ratepayers will continue to receive the greater benefit of this year's refund. However, today's DA customer will also receive a fractional benefit as the PCIA will be recalculated to some degree as a result of the credit passed through the portfolio cost reduction.

7. Categorization and Need for Hearings

In Resolution ALJ-176-3338 dated June 26, 2014, the Commission preliminarily categorized this application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings. An evidentiary hearing was in fact held on November 4, 2014, at which the parties had an opportunity to cross examine witnesses. The determination of the Commission as to the categorization of this proceeding is affirmed.

8. Comments on Proposed Decision

The proposed decision of ALJ Miles in this matter was mailed to the parties on December 30, 2014 in accordance with Section 311 of the Public Utilities Code. Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Public Utilities Code to 21 days. Comments were filed on January 20, 2015; and reply comments were filed on January 26 by all of the parties. This decision reflects review and consideration of the comments received.

An Alternate Proposed Decision (Alternate Decision) was issued by Commissioner Michael Picker on February 24, 2015. Comments on the Alternate Decision were filed March 16, 2015 by all parties; reply comments were filed on March 23, 2015, by AReM/DACC, PAC and CLECA.

9. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Patricia B. Miles is the assigned Administrative Law Judge in this proceeding.

10. Findings of Fact

1. On June 11, 2014, SCE filed A.14-06-011, in which SCE requested that the Commission adopt a forecasted 2015 ERRA of $6.406 billion.

2. By Resolution ALJ 176-3338, dated June 26, 2014, A.14-06-011 was categorized as ratesetting with hearings needed.

3. Protests/responses to the application were filed by the ORA, the PAC and AReM/DACC. CLECA did not file a protest, but requested to be added as a party to the case.

4. An evidentiary hearing was held on November 4, 2014, at which the parties had an opportunity to cross examine witnesses testifying on behalf of SCE and ARM/DACC.

5. On November 12, 2014, SCE served its Update, in which it requested that the Commission adopt a forecasted 2015 ERRA of $5.593 billion, which should be adjusted to $5.777 billion to reflect actual recorded December 31, 2014 balancing account balances.

6. SCE's forecast includes energy settlement refunds of $206 million which SCE received during 2014 from generators who overcharged SCE for electricity during the 2000-2001 energy crisis, which contributed to SCE's excessive procurement related obligations.

7. E-3894 indicates that energy settlement refunds should be addressed under ERRA proceedings and should flow to ratepayers and shareholders as provided for under the 2001 Settlement Agreement.

8. The 2001 Settlement Agreement does not include a definition of ratepayer, therefore, SCE is not prohibited under the Settlement Agreement from allocating refunds to both DA customers and bundled customers.

9. D.02-07-032 authorizing SCE to establish the HPC to address disparities created by market factors between what SCE was able to charge its customers and what it was receiving from its customers, including DA customers, supports a finding that DA customers contributed toward paying down SCE's excessive procurement related liabilities.

10. SCE's forecast includes recovery of $467 million of net SONGS-related replacement power costs incurred in 2013 that were deferred from inclusion in the 2014 ERRA forecast under D.14-05-003.

11. Pursuant to D.14-11-040, approving the SONGS OII Settlement Agreement, SONGS replacement power costs are recoverable if they comply with Commission rules and other applicable requirements and SCE is required to file an advice letter explaining how it intends to charge these costs to ratepayers, including DA customers.

12. Except as discussed herein regarding SONGS replacement power costs and energy settlement refunds, no party has objected to SCE's proposed electric sales forecast, forecasted rates or 2014 forecast of SCE's ERRA, CAM and fuel and purchased power expenses.

13. No party has objected to SCE's proposal to omit balances of the BRRBA, NDAM, CARE and PPPAM from future ERRA proceedings and instead include them in its annual revenue requirement and rate consolidation advice letter.

14. Rule 11.4 addresses a request to seal documents that have been filed.

15. Rule 11.5 addresses sealing all or part of an evidentiary record.

16. General Order 66-C provides definitions and guidance regarding public and confidential records provided to and requested from the Commission.

17. By D.06-06-066, we implemented Senate Bill 1488 which required that we examine our practices regarding confidential information, as it applies to the confidentiality of electric procurement data (that may be market sensitive) submitted to the Commission.

18. SCE requests that selected exhibits be given confidential treatment pursuant to GO 66-C and D.06-06-066.

19. We have granted similar requests for confidential treatment in the past.

20. SCE requests that the confidential version of its Application, as well as Testimony included with its Application and Update, be filed under seal pursuant to Rule 11.4.

21. SCE requests that the confidential portions of the evidentiary record be sealed pursuant to Rule 11.5.

11. Conclusions of Law

1. The Commission should adopt SCE's Updated 2015 ERRA electric procurement revenue requirement forecast of $5.777 billion.

2. SCE's proposed electric sales forecast, forecasted rates and calculation of the 2015 ERRA, CAM and fuel and purchased power expenses are reasonable and in compliance with applicable Commission decisions and requirements.

3. The Commission should require SCE to credit the energy settlement refunds of $206 million, which SCE received during 2014, to reduce total portfolio costs, thus benefitting both bundled and DA customers.

4. The Commission should find reasonable, SCE's request to include $467 million of net SONGS replacement power costs in this 2015 ERRA forecast.

5. The advice letter that SCE was required to file pursuant to D.14-11-040, proposed how these costs should be allocated to bundled service customers. SCE is directed to file an advice letter implementing the final decision in this proceeding addressing allocation of these costs to total portfolio costs, which will benefit both bundled service and DA customers.

6. The Commission should approve SCE's proposal to omit balances of the BRRBA, NDAM, CARE and PPPAM from future ERRA proceedings and instead include them in SCE's annual rate consolidation advice letter.

7. SCE's request that the public and confidential versions of its Application, Testimony and Exhibits included with its Application and Update be received into evidence should be granted.

8. SCE's request for confidential treatment of redacted versions of SCE's Application, Testimony and Exhibits included with its Application and Update, should be granted pursuant to Rule 11.5, GO 66-C and D.06-06-066.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company is authorized to recover a total 2015 electric procurement cost revenue requirement forecast of $5.777 billion, consisting of its: Generation Service forecast of $5,144 million (consisting of Energy Resource Recovery Account Balancing Account forecast revenue requirement of $899 million, Fuel and Purchased Power forecast revenue requirement of $4,460 million, reduced by BRRBA Balancing Account forecast credit of $8 million, and generator refunds of $206 million) and its Delivery Service forecast revenue requirement of $633 million (consisting of New System Generation of $485 million, BRRBA Balancing Account revenue of $83 million, Nuclear Decommissioning revenue credit of $47 million, and Public Purpose Programs revenue of $112 million).

2. Southern California Edison Company is ordered to apply energy settlement refunds it received during 2014 to reduce total portfolio costs. Future refunds shall be subject to review under future ERRA proceedings.

3. Southern California Edison shall file a Tier 2 advice letter to describe how it proposes to implement the changes to their revenue requirements and rates.

4. Southern California Edison Company's forecast Energy Resource Recovery Account forecasts must be in compliance with all applicable Commission decisions and requirements.

5. Southern California Edison Company must include balances of the Base Revenue Requirement Balancing Account, Nuclear Decommissioning Adjustment Mechanism, California Alternate Rates for Energy and Public Purpose Programs Adjustment Mechanism in its annual rate consolidation

advice letter if it omits these balances from future Energy Resource Recovery Account proceedings.

6. Southern California Edison Company's (SCE) confidential versions of its Application, Testimony and Exhibits included with its Application and, November 12 Update to its Application, are granted confidential treatment for a period of three years from the date of this order. During this three year period, this information shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If SCE believes that it is necessary for this information to remain under seal for longer than three years, it may file a new motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

7. Southern California Edison Company's confidential versions of its Application, Testimony and Exhibits included with its Application and, November 12 Update to its Application, are granted confidential treatment for a period of three years from the date of this order.

8. The confidential portions of the record, consisting of Southern California Edison Company's Application, Testimony and Exhibits included with its Application and November 12 Update to its Application are sealed, pursuant to Rule 11.5 of the Commission's Rules of Practice and Procedure.

9. Application 14-06-011 is closed.

This order is effective today.

Dated _____, at San Francisco, California.